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TITLE 5 - ADMINISTRATIVE PERSONNEL

CHAPTER I - CIVIL SERVICE COMMISSION

PART 890 - FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

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AUTHORITY: Secs. 890.101 to 890.503 issued under sec. 10, 73 Stat. 715; 5 U.S.C. 3009.

SUBPART A--ADMINISTRATION AND GENERAL PROVISIONS

Sec. 890.101 Definitions; time computations.

(a) In this part:

(1) Terms defined by section 2 of the Federal Employees Health Benefits Act of 1959 have the meanings there set forth.

(2) Cancellation means the act of filing a health benefits registration form terminating enrollment in a health benefits plan and electing not to be enrolled for the future by an enrolled employee or annuitant who is eligible to continue enrollment.

(3) Change of enrollment means the registration of an enrolled employee or annuitant to be enrolled for another plan or option, or for a different type of coverage (self alone or self and family), from that for which then enrolled. /It does not include changes in amount of Government contribution for female employees enrolled for self and family which are caused by the gain or loss of a nondependent husband./

(4) Eligible means eligible under the law and this part to be enrolled.

(5) Employing office means the office of an agency to which jurisdiction and responsibility for health benefits actions for the employee concerned have been delegated. For enrolled annuitants who are not also eligible employees, the office which has authority to approve payment of annuity or workmen's compensation for the annuitant concerned is the employing office.

(6) Immediate annuity means an annuity which begins to accrue not later than 1 month after the date enrollment under a health benefits plan would cease for an employee or member of family if he were not entitled to continue enrollment as an annuitant. Notwithstanding the foregoing, an annuity which commences on the birth of the posthumous child of an employee or annuitant is an immediate annuity.

(7) Option means a level of benefits. It does not include distinctions as to the members of the family covered.

(8) Pay period means the biweekly pay period established pursuant to the Federal Employees Pay Act of 1945, as amended, for the employees to whom that act applies; the regular pay period for employees not covered by that act; and the period for which a single installment of annuity is customarily paid for annuitants.

(9) Register means to file with the employing office a properly completed health benefits registration form, either electing to be enrolled in a health benefits plan or electing not to be enrolled. Register to be enrolled means to register an election to be enrolled. Enrolled means to be enrolled in a health benefits plan approved by the Commission under this part.

(10) Regular tour of duty means a work schedule, prescribed in advance to continue indefinitely or for at least 6 months, of a certain number of hours or other time units in a day, week, biweekly pay period, month, or year.

(b) Whenever, in this part, a period of time is stated as a number of days or a number of days from an event, the period is computed in calendar days, excluding the day of the event. Whenever, in this part, a period of time is defined by beginning and ending dates, the period includes the beginning and ending dates.

Sec. 890.102 Coverage.

(a) Each employee, other than those excluded by paragraph (c) of this section, is eligible to be enrolled in a health benefits plan at the time and under the conditions prescribed in this part.

(b) An employee who serves in cooperation with non-Federal agencies and is paid in whole or in part from non-Federal funds may register to be enrolled within the period prescribed by the Commission for the group of which the employee is a member following approval by the Commission of arrangements providing that (1) the required withholdings and contributions will be made from Federally-controlled funds and timely deposited into the Employees Health Benefits Fund, or (2) the cooperating non-Federal agency will, by written agreement with the Federal agency, make the required withholdings and contributions from non-Federal funds and transmit them for timely deposit into the Employees Health Benefits Fund.

(c) The following employees are not eligible:

(1) An employee serving under an appointment limited to 1 year or less, except an acting postmaster.

(2) An employee whose employment is of uncertain or purely temporary duration, or who is employed for brief periods at intervals, and an employee who is expected to work less than 6 months in each year, except an employee having a career-conditional or career appointment, or appointed under Schedule B of Part 213 of this chapter, who is employed under a cooperative work-study program of at least 1 year's duration which requires the employee to be in pay status during not less than one-third of the total time required for completion of the program.

(3) [An employee in the postal field service serving in a post office under a temporary appointment pending establishment of a register.

(4)] An intermittent employee -- a non-full-time employee without a prearranged regular tour of duty.

[(5)] (4) An employee whose salary, pay, or compensation on an annual basis is $350 a year or less.

[(6)] (5) A beneficiary or patient employee in a Government hospital or home.

[(7)] (6) An employee paid on a contract or fee basis.

[(8)] (7) An employee paid on a piecework basis, except one whose work schedule provides for full-time service or part-time service with a regular tour of duty.

(d) The Commission makes the final determination of the applicability of this section to a specific employee or group of employees.

Sec. 890.103 Employee appeals.

(a) An employee or annuitant may appeal a refusal of an employing office to permit him to register to enroll, or to change enrollment. The

appeal shall be made in writing, within 30 days of the refusal, to the Bureau of Retirement and Insurance, United States Civil Service Commission, Washington, D. C. 20415.

(b) An employee or annuitant may appeal a refusal of the Bureau of Retirement and Insurance to permit him to register to enroll, or to change enrollment. The appeal shall be made in writing, within 90 days of the refusal, to the Board of Appeals and Review, United States Civil Service Commission, Washington, D. C. 20415.

(c) /The employing office may make, and the Commission may order, prospective correction of administrative errors as to enrollment at any time./

(1) The employing office may make prospective correction of administrative errors as to enrollment at any time.

(2) The Bureau of Retirement and Insurance may order correction of an error, mistake, or omission upon a showing satisfactory to the Bureau that it would be against equity and good conscience not to do so.

(3) The Bureau of Retirement and Insurance may order the termination of an employee's or annuitant's enrollment in a group-practice plan and permit his enrollment in another plan upon a showing satisfactory to the Bureau that the furnishing of adequate medical care is jeopardized by a seriously impaired relationship between patient and the plan's medical staff.

(4) Any limit on benefits provided by a plan to persons confined in a hospital or institution on the effective date of enrollment shall not apply to persons enrolling in the plan pursuant to an order of the Bureau under paragraph (3) of this subsection.

(d) The Commission does not adjudicate individual claims for payment or service under health benefits plans, nor does it arbitrate or attempt to compromise disputes between an employee or annuitant and his carrier as to claims for payment or service.

Sec. 890.104 Legal actions. An action to compel enrollment of an employee or annuitant not excluded by section 890.102(c) should be brought against the employing office. An action to recover on a claim for health benefits should be brought against the carrier of the health benefits plan. An action to review the legality of the Commission's regulations or a decision made by the Commission should be brought against the United States Civil Service Commissioners, Washington, D. C. 20415.

SUBPART B--HEALTH BENEFITS PLANS

Sec. 890.201 Minimum standards for health benefits plans.

(a) To be qualified to be approved by the Commission, a health benefits plan shall:

(1) Comply with the Federal Employees Health Benefits Act of 1959 and this part, as amended from time to time.

(2) Accept the enrollment, in accordance with this part, and without regard to age, race, sex, health status, or hazardous nature of employment, of each eligible employee and annuitant except that a plan which is sponsored or underwritten by an employee organization may not accept the enrollment of a person who is not a member of the organization, but it may

not limit membership in the organization on account of these prohibited factors. The carrier may terminate the enrollment of an employee or of an annuitant, other than a survivor annuitant, in a health benefits plan sponsored or underwritten by an employee organization on account of termination of membership in the organization. A comprehensive medical plan need not enroll an employee or annuitant residing outside geographic areas specified by the plan and may terminate the enrollment of an employee or annuitant who moves outside the geographic areas. A carrier who wishes to terminate the enrollment of an employee or annuitant under this subparagraph may do so by notifying the employing office in writing, with a copy of the notice to the employee. The termination is effective at the end of the pay period in which the employing office receives the notice.

(3) Provide health benefits for [coverage of] each enrolled employee and annuitant and covered member of their families wherever they may be.

(4) Provide for conversion to a contract for health benefits regularly offered by the carrier, or an appropriate affiliate, for group conversion purposes, which shall be guaranteed renewable, subject to such amendments as apply to all contracts of this class, except that it may be canceled for fraud, over-insurance, or nonpayment of periodic charges. A carrier shall permit conversion within the time allowed by the temporary extensions of coverage provided under section 890.401 for each employee, annuitant, and member of family entitled to convert. When an employing office gives an employee written notice of his privilege of conversion, the carrier shall permit conversion at any time before (i) 15 days after the date of notice or (ii) 75 days after his enrollment is

terminated, whichever is earlier. When the Commission requests an extension of time for conversion because of delayed determination of ineligibility for immediate annuity, the carrier shall permit conversion until the date specified by the Commission in its request for extension. On conversion, the contract becomes effective as of the day following the last day of the temporary extension, and the employee, annuitant, or member of the family, as the case may be, shall pay the entire cost thereof directly to the carrier. The nongroup contract may not deny or delay an obstetrical or other benefit covered by the contract for a person converting from a plan approved under this part, except to the extent that benefits are continued under the health benefits plan from which he converts.

(5) Provide that each employee and annuitant who enrolls in the plan receive /a brochure, in a form to be approved by the Commission, summarizing the conditions of the plan, including, but not limited to, those concerning benefits, claims, and payment of claims, and/ an identification card or cards /as/ or other evidence of his enrollment.

(6) Provide a standard rate structure which contains, for each option, one standard individual rate, and one standard family rate, without geographical or other variations.

(7) Maintain statistical records regarding the plan, separately from those of any other activities /or benefits/ conducted or benefits offered by the carrier sponsoring or underwriting the plan.

(8) Provide for a special reserve for the plan. The carrier shall account for amounts retained by it as reserves for the plan separately from reserves maintained by it for other plans. The carrier shall invest

the special reserve and income derived from the investment of the special reserve shall be credited to the special reserve. If the contract is terminated or approval of the plan is withdrawn, the carrier shall return the special reserve to the Employees Health Benefits Fund. However, in the case of a group-practice plan, the carrier, without regard to the foregoing provisions of this subparagraph, shall follow such financial procedures as are mutually agreed on by the carrier and the Commission.

(9) Provide for continued enrollment to the end of the then current pay period for each employee and annuitant enrolled at the effective date of termination of a contract. The carrier is entitled to subscription charges for this continued enrollment.

(b) To be qualified to be approved by the Commission, a health benefits plan shall not:

(1) Deny a covered person a benefit provided by the plan for a service performed on or after the effective date of coverage solely because of a pre-existing physical or mental condition, except that a plan may provide benefits for dentistry or cosmetic surgery, or both, limited to conditions arising after the effective date of coverage; or require a waiting period for any covered person for benefits which it provides, except that a plan, with the approval of the Commission, may limit benefits for services performed for a person, other than a person changing from [a] one plan to another because his health benefits plan is discontinued in whole or part [to another], who, on the effective date of enrollment, is confined in a hospital or other institution, so long as the person is continuously confined therein. In this subparagraph "continuously confined" means

one or more periods of confinement without a break of 31 consecutive days between actual confinements, except that a carrier by agreement with the Commission may provide that a shorter break terminates a continuous confinement.

(2) Have more than two options.

(3) Have an initiation, service, enrollment, or other fee or charge in addition to the rate charged for the plan, except that a comprehensive medical plan may impose an additional charge to be paid directly by the employee or annuitant for certain medical supplies and services, if the supplies and services on which additional charges are imposed are clearly set forth in advance and are applicable to all employees and annuitants. This subparagraph does not apply to charges for membership in employee organizations sponsoring or underwriting plans.

Sec. 890.202 Minimum standards for health benefits carriers.

The Commission shall approve a health benefits plan only when the carrier of the plan meets the requirements of the Federal Employees Health Benefits Act of 1959, as amended, and the following requirements:

(a) It must be lawfully engaged in the business of supplying health benefits.

(b) It must have, in the judgment of the Commission, the financial resources and experience in the field of health benefits to carry out its obligations under the plan.

(c) It must agree to keep such reasonable financial and statistical records and furnish such reasonable financial and statistical reports with respect to the plan as may be requested by the Commission.

(d) It must agree to permit representatives of the Commission and of the General Accounting Office to audit and examine its records and accounts which pertain, directly or indirectly, to the plan at such reasonable times and places as may be designated by the Commission or the General Accounting Office.

(e) It must agree not to advertise a plan approved under the Federal Employees Health Benefits Program, or its participation in the program, to employees, or solicit enrollment of employees, in a plan approved under the program, other than in accordance with the instructions of the Commission.

(f) It must agree to accept, subject to adjustment for error or fraud, in payment of its charges for health benefits for all employees and annuitants enrolled in its plan, the enrollment charges received by the Employees Health Benefits Fund less the amounts set aside for the administrative and contingency reserves prescribed in section 890.503. The Commission will pay over the amounts due each carrier at such times as are agreed on by the carrier and the Commission.

(g) A carrier which is an employee organization must agree to continue coverage, without requirement of membership, of any eligible survivor annuitants of member employees and of annuitants.

Sec. 890.203 Application for approval of, and proposal of amendments to, health benefits plans.

(a) Application for approval of comprehensive medical plans may be made by letter to the United States Civil Service Commission, Washington,

D.C. 20415. Approval of a plan will become effective on a date to be set by the Commission for the plan. An application received less than 6 months in advance of a contract period will not be approved for that contract period.

(b) Any proposal for change in a health benefits plan shall be in writing, specifically describe the change proposed, and be signed by an authorized official of the carrier. The Commission will review a proposal for change and notify the carrier whether it accepts the change and may make a counterproposal or at any time propose changes on its own motion. The Commission will not consider until after the expiration of the then current contract period any proposal for change which it received less than 6 months before the expiration of the then current contract period, except that changes in subscription charges for the ensuing contract period may be proposed not less than 4 months before the expiration of the then current contract period.

Sec. 890.204 Withdrawal of approval of health benefits plans.

(a) The Commissioners [on application of a carrier or on their own motion] may withdraw their approval of a health benefits plan.

(b) Before withdrawing approval of a plan, the Commissioners shall cause to be sent, by certified mail, a notice to the carrier stating that they intend to withdraw their approval, and giving the reasons therefor. The carrier is entitled to reply in writing within 15 days of its receipt of the notice, stating the reasons why approval should not be withdrawn.

(c) On receipt of the reply, or in the absence of a timely reply, the Commissioners shall set a time and place for hearing. The Commissioners shall conduct the hearing or designate a representative to do so, unless the carrier waives hearing. The carrier shall be given notice thereof, by certified mail, at least 15 days in advance of the hearing. The carrier is entitled to appear by representative and present oral and written evidence and argument in opposition to the proposed action.

(d) The Commissioners shall make their decision on the record and communicate it to the carrier by certified mail. The Commissioners may set a future effective date for withdrawal of their approval.

(e) The Commissioners, in their discretion, may reinstate approval of a plan on a finding that the reasons for withdrawing approval no longer exist.

SUBPART C--REGISTRATION AND ENROLLMENT

Sec. 890.301 Opportunities to register to enroll and change enrollment.

(a) Initial registration. Except as otherwise provided in this part, each employee who becomes eligible shall register within 31 days after becoming eligible [, except that a substitute in the postal field service shall register within 31 days after completing 6 consecutive pay periods in which he was in pay status and in each of which he drew sufficient pay, after other deductions, to permit withholding of the amount necessary for his share of the cost of the health benefits plan he selects].

(b) Belated registration. When an employing office determines that an employee was unable, for cause beyond his control, to register to be enrolled or to change his enrollment within the time limits prescribed by this section, that office shall accept his registration within 31 days after it advises him of that determination.

(c) Re-registration. An employee whose enrollment was terminated [because of his completion of 365 days in a nonpay status] under section 890.304(a)(4), or because he had a break in service of more than 3 days, or because he was furloughed by reason of reduction in force, shall register within 31 days after his return to pay status.

(d) Open season. [(1)] Not less often than once every 3 years, the Commission by regulation shall provide every employee an opportunity for enrollment and change of enrollment, on such terms and conditions as it may prescribe.

[(2) During the period October 1 to October 15, 1963, an employee who is not registered to be enrolled may register to be enrolled, and any enrolled employee may change his enrollment from one plan or option to another, or from self alone to self and family, or both.]

(e) Change in family status. An enrolled employee or annuitant may register to change his enrollment from self alone to self and family, or from one plan or option to another, or both, and an employee, if registered not to be enrolled, may register to be enrolled, at any time during the period beginning 31 days before a change in marital status and ending 60 days after the change in marital status. [An employee who registers to change his enrollment under the preceding sentence may at the same time register to change his enrollment to another plan or option.] An enrolled employee or annuitant may change his enrollment from self alone to self and family within 60 days after any other change in family status.

(f) Change to self alone. An employee or annuitant may register at any time to change his enrollment from self and family to self alone. An employee or annuitant who is covered by the enrollment of another under this part may register to be enrolled for self alone within 31 days after a registration to change the covering enrollment has been filed under authority of this paragraph.

(g) Loss of coverage under Medicare, under this part, or under part 891 of this chapter. An employee who is not enrolled, but is covered by chapter 55 of title 10, United States Code (referred to in this paragraph as Medicare) or by the enrollment of another under this part or Part 891 of this chapter [of another], may register to be enrolled within

31 days after termination of coverage under Medicare or the other's enrollment, other than [by] because of death or cancellation, and within 60 days after termination, [by] because of death, of Medicare or the other's enrollment. An employee-annuitant who was covered [immediately before retirement] by the enrollment of another under this part and had been covered (including enrollment in his own right) under this part since his first opportunity or for the 5 years immediately preceding his retirement, whichever is shorter, may enroll within 31 days after the termination of his coverage, other than by cancellation.

(h) Move from area served by comprehensive medical plan. If a comprehensive plan limits full service to a geographic area, an employee or annuitant enrolled in that plan who moves outside the full service area or, if already living outside the full service area, moves farther from the full service area may register [to be enrolled in another health benefits plan within 31 days], at any time after the move, to be enrolled in another health benefits plan. [However, the employee or annuitant may not change his enrollment from self alone to self and family.]

(i) Termination by employee organization plan. An employee or annuitant who is enrolled in a health benefits plan sponsored or underwritten by an employee organization and whose membership in the employee organization is terminated, may register, if the plan terminates his enrollment, within 31 days after termination of his enrollment in the employee organization plan, to be enrolled in another health benefits plan. However, the employee or annuitant may not change his enrollment from self alone to self and family.

(j) Transfer to or from overseas post of duty. An employee who is transferred from a post of duty within the several States or the District of Columbia to a post of duty outside the several States and the District of Columbia, or the reverse, may register to be enrolled or to change his enrollment with respect to whether his family is covered, or the health benefits plan or option in which he is enrolled[, which of the options he selects, or any combination of these], or both, within the period beginning 31 days before the date he leaves the old post of duty and ending 31 days after he arrives at the new post of duty. An annuitant who is eligible to continue health benefits may register to change enrollment with respect to whether his family is covered, or the health benefits plan[,] or option[,] in which enrolled, or both, within 60 days after retirement or the death of the employee on whose service title to annuity is based, if the employee is stationed at a post of duty outside the several States and the District of Columbia at the time of his retirement or death, as the case may be.

(k) Termination of plan in which enrolled. [An employee or annuitant who is enrolled in a health benefits plan, and whose enrollment is terminated by the discontinuance of the plan in whole or in part, may register to be enrolled in another plan within the time set by the Commission. However, the employee or annuitant may not change his enrollment from self alone to self and family. This paragraph does not apply to termination of a contract at the end of a contract period immediately preceded by an open season.] If a plan is discontinued in whole or part, each employee and annuitant whose enrollment is thereby

terminated may enroll in another plan. If the discontinuance is at the end of a contract period which is immediately preceded by an open season, the time for enrollment is the open season. Otherwise the Commission shall establish, by order, a time for enrollment. Persons who fail to change enrollment within the time set are considered to have cancelled their enrollments, except that if one option of a plan is discontinued, enrolled employees and annuitants who do not change plans will be considered enrolled in the remaining option of the plan.

(l) On reaching [21] 19. An employee who is not registered to be enrolled may register to be enrolled within 31 days after he becomes [21] 19 years of age.

(m) On return from a uniformed service. An employee who enters on duty in a uniformed service for a period of time not limited to 30 days or less may register to be enrolled or to change his enrollment within 31 days after he is restored to a civilian position pursuant to part 353 of this chapter or other similar authority; and an annuitant who enters on duty in a uniformed service for a period of time not limited to 30 days or less may register to change his enrollment within 31 days after he is separated from the uniformed service.

(n) Change in employment status. If an employee or annuitant is entitled to provide coverage for another by a self-and-family enrollment,

but both are enrolled for self alone, he may change his enrollment to self and family within 31 days after the other enrollment is terminated by a change in employment status which results in loss of eligibility.

(o) Sole survivor. When an employee or annuitant enrolled for self and family dies, leaving a survivor annuitant who is entitled to continue the enrollment in a health benefits plan, and it is apparent from available records that the survivor annuitant is the sole survivor entitled to continue enrollment in the health benefits plan, the office of the retirement system which is acting as employing office shall change the enrollment from self and family to self alone, effective on the commencing date of annuity for the survivor annuitant. On request of the survivor annuitant made within 31 days after the first installment of annuity is paid, the office of the retirement system which is acting as employing office shall rescind the action retroactive to the effective date of the action, with corresponding adjustment in withholdings and contributions.

(p) Annuity insufficient to pay withholdings. If the annuity of an annuitant or of all annuitants in a family is not sufficient to pay the withholdings for the plan in which the annuitants are enrolled, the employing office shall notify the annuitant of the plans available at a cost not in excess of the annuity. The annuitant may register to be enrolled in another plan whose cost is no greater than his annuity.

(q) Registration by proxy. In the discretion of the employing office, a representative of the employee or annuitant having a written authorization to do so may register for him.

(r) Public Law 88-284.

/(1) An employee who is not enrolled on March 17, 1964, may register, at any time before July 1, 1964, to be enrolled, and an employee or annuitant who is enrolled for self alone may register, at any time before July 1, 1964, to change his enrollment to self and family in the same plan and option.

(2)/ An annuitant who becomes eligible to continue his enrollment by virtue of Public Law 88-284 may register, at any time before /January 1, 1965,/ December 31, 1964, to be enrolled.

Sec. 890.302 Coverage of family members.

(a) Family enrollment. An employee or annuitant who enrolls for self and family includes in his enrollment all members of his family who are eligible to be covered by his enrollment, but no person may be covered by two enrollments.

/(c)/ (b) Child incapable of self-support. When an employee or annuitant enrolls for a family which includes a child incapable of self-support who has become 21 years of age, the employing office shall require the employee or annuitant to submit a certificate of the physician that the child is incapable of self-support because of a physical or mental disability which existed before the child became 21 years of age, and can be expected to continue for more than 1 year. The certificate shall include a statement of the name of the child, the nature of his disability, the period of time it has existed, and its probable future course and duration. The certificate shall be signed by the physician and show his

office address. When an employee or annuitant is enrolled for a family which includes a child under 21 years of age who is incapable of self-support because of a physical or mental disability, the employing office shall require the employee or annuitant to submit the certificate on or before the date the child becomes 21 years of age. However, the employing office may accept otherwise satisfactory evidence of incapacity not timely filed.

[(d)] (c) Renewal of certificates of incapacity. The employing office shall require the employee or annuitant who has submitted a certificate of incapacity to renew that certificate on the expiration of the minimum period of disability certified.

[(e)] (d) Determination of incapacity. The employing office shall make determinations of incapacity.

Sec. 890.303 Continuation of enrollment.

(a) On transfer. Except as otherwise provided by this part, the registration of an employee or annuitant eligible to continue enrollment continues without change when he (1) moves from one employing office to another, without a break in service of more than 3 days, whether the personnel action is designated as a transfer or not, or (2) changes from one employing office to another by reason of reemployment, if he is an annuitant, or by reason of retirement under conditions making him eligible to continue enrollment. For the purpose of this part, an employee is considered to have enrolled at his first opportunity if he registered to be enrolled during the first of the periods set forth in section 890.301 in which he was eligible to register or was covered at that time by the enrollment of another employee, or registered to be enrolled effective not later than December 31, 1964.

(b) Change of enrolled employees to certain excluded positions. Employees and annuitants enrolled under this part who move, without a break in service or after a separation of 3 days or less, to an employment in which they are excluded by section 890.102(c), continue to be enrolled so long as they are employed full-time, or part-time with a regular tour of duty, unless excluded by paragraphs (3), (4), (5), (6), or (7)[, or (8)] of section 890.102(c).

(c) On death. The enrollment of a deceased employee or annuitant who is enrolled for self and family is transferred automatically to his eligible survivor annuitants. The enrollment is considered to be that of the survivor annuitant from whose annuity all or the greatest portion of the withholding for health benefits is made. It covers members of the family of the deceased employee or annuitant. A remarried spouse is not a member of the family of the deceased employee or annuitant.

(d) Survivor annuitants. If an employee who is entitled to health benefits coverage as a survivor annuitant elects to enroll or to continue to be enrolled under his eligibility as an employee, and is thereafter separated without entitlement to immediate annuity based on his own service, he is entitled to reinstatement of his employee-acquired enrollment on application to his retirement office. Reinstatement is effective immediately after termination if the application is received by the retirement office within 60 days of separation; otherwise reinstatement is effective on the first day of the first pay period after receipt of the application. The retirement office shall withhold from the annuity that the former employee receives as a survivor annuitant, the amounts necessary to pay his share of the cost of the enrollment.

(c) The enrollment of an employee continues without cost to the employee while he is in nonpay status for up to 365 days. The 365 days' nonpay status may be continuous or broken by periods of less than 4 consecutive months in pay status. If an employee has 4 consecutive months in pay status after a period of nonpay status he is entitled to begin the 365 days' continuation of enrollment anew. For the purposes of this paragraph 4 consecutive months in pay status means any four-month period during which the employee is in pay status for at least part of each pay period.

Sec. 890.304 Termination of enrollment.

(a) Employees. An employee's enrollment terminates, subject to the temporary extension of coverage for conversion, at midnight of the earliest of the following dates:

(1) The last day of the pay period in which he is (i) furloughed by reason of reduction in force, or (ii) separated from the service other than by retirement under conditions entitling him to continue his enrollment.

(2) The last day of the pay period in which his employment status changes so that he is excluded from enrollment.

(3) The last day of the pay period in which he dies, unless he leaves a member of the family entitled to continue enrollment as a survivor annuitant.

(4) The [365th] day [of continuous nonpay status;] on which the continuation of enrollment under section 890.303(e) expires, or, if he is not entitled to any further continuation because he has not had 4 consecutive months of pay status since exhausting his 365 days' continuation of coverage in nonpay status, the last day of his last pay period in pay status.

(5) [For a substitute in the postal field service whose enrollment is not terminated as otherwise provided in this section, the last day of the 13th consecutive pay period, exclusive of periods of approved leave without pay of 6 months or more, during which his pay was not sufficient to permit withholding of the amount necessary for his share of the cost of the health benefits plan in which he is enrolled.

(6)] The day he is separated, furloughed, or placed on leave of absence in accordance with the provisions of part 353 of this chapter or other similar authority for the purpose of performing duty not limited to 30 days or less in a uniformed service.

(b) Annuitants. (1) If the annuity of an annuitant or of all annuitants in a family is not sufficient to pay the withholdings for the plan in which the annuitants are enrolled, and the annuitant does not, or cannot, elect a plan under section 890.301(p) at a cost to him not in excess of the annuity, the employing office shall terminate the annuitant's enrollment effective as of the end of the last period for which withholding was made. Each annuitant whose enrollment is so terminated is entitled to a 31-day extension of coverage for conversion.

(2) An annuitant's enrollment terminates, subject to the temporary extension of coverage for conversion, at midnight of the last day of the pay period in which he dies, unless he leaves a member of the family entitled to continue enrollment as a survivor annuitant, or, if his enrollment is not terminated by death, at midnight of the earliest of the following dates:

(i) The last day of the last pay period for which he is entitled to annuity, unless he is eligible for continued enrollment as an employee in which case his enrollment continues without change.

(ii) The last day of the pay period in which his title to compensation under the Federal Employees Compensation Act, as amended, terminates, or in which he is held by the Secretary of Labor to be able to return to duty, unless he is eligible for continued enrollment as an employee or as an annuitant under a retirement system for civilian employees in which case his enrollment continues without change.

(iii) The day he enters on active duty in a uniformed service for the purpose of performing duty not limited to 30 days or less.

(c) Coverage of members of the family. The coverage of a member of the family of an enrolled employee or annuitant terminates, subject to the temporary extension of coverage for conversion, at midnight of the earlier of the following dates:

(1) The day on which he ceases to be a member of the family.

(2) The day the employee or annuitant ceases to be enrolled, unless the member is entitled, as a survivor annuitant, to continued enrollment, or is entitled to continued coverage under the enrollment of another.

(d) Cancellation. An enrolled employee or annuitant may register to cancel his enrollment at any time by filing with his employing office a properly completed health benefits registration form. The cancellation becomes effective on the last day of the pay period after the pay period in which the health benefits registration form canceling his enrollment is received by his employing office, except that the cancellation of an employee or annuitant having a monthly or 4-weekly pay period becomes effective at the end of the pay period in which the health benefits registration form is received if the form is received not less than 15 days before the end of the pay period. He and the members of his family are not entitled to the temporary extension of coverage for conversion or to convert to an individual contract for health benefits.

Sec. 890.305 Reinstatement of enrollment after military service. The enrollment of an employee or annuitant whose enrollment was terminated because he entered on duty in a uniformed service for a period of time not limited to 30 days or less is reinstated automatically on the day the employee is restored to a civilian position pursuant to part 353 of this chapter or other similar authority or on the day the annuitant is separated from the uniformed service, as the case may be.

Sec. 890.306 Effective dates. (a) Termination of plan. The effective date of change of enrollment under section 890.301(k) when there is no open season is the first day of the first pay period after the health benefits registration form is received by the employing office.

(b) Change to self alone. The effective date of a change of enrollment under section 890.301(f) is the first day of the first pay period after the health benefits registration form is received by the employing office, except that at the request of the employee or annuitant and upon a showing satisfactory to the employing office that there was no family member eligible for coverage by the family enrollment, the change may be made effective as of the first day of the pay period following the one in which there were no family members.

(c) Annuitant required to change enrollment. The effective date of an annuitant's change to a lower cost enrollment under section 890.301(p) is immediately upon termination of his prior enrollment.

(d) Open season. (1) The effective date of a change of enrollment under section 890.301(d) is the first day of the first pay period beginning on or after November 1 of the year in which the health benefits registration form is received by the employing office.

(2) The effective date of a new enrollment under section 890.301(d) is the first day of the first pay period beginning on or after November 1 of the year in which the health benefits registration form is received

by the employing office which follows a pay period in which the employee is in pay status[, except that if the employee is a substitute in the postal field service the effective date of his new enrollment is the first day of the pay period beginning on or after November 1 of the year in which the health benefits registration form is received by the employing office which follows the sixth consecutive pay period in which he was in pay status and in each of which he drew sufficient pay, after other deductions, to permit withholding the amount necessary for his share of the cost of the health benefits plan he selects].

(e) Generally. The effective date of any other enrollment or change of enrollment is the first day of the first pay period which begins after the health benefits registration form is received by the employing office and which follows[:

(1) A] a pay period during any part of which the employee[, if not a substitute in the postal field service,] or annuitant is in pay or annuity status[; or

(2) If the employee is a substitute in the postal field service, the sixth consecutive pay period in which he was in pay status and in each of which he drew sufficient pay, after other deductions, to permit withholding the amount necessary for his share of the cost of the health benefits plan he selects].

Sec. 890.307 Waiver or suspension of annuity or compensation. When annuity or compensation is entirely waived or suspended, the annuitant's enrollment continues for not more than 3 months (not more than 12 weeks for annuitants whose compensation under the Federal Employees' Compensation Act is paid each 4 weeks). When the waiver or suspension expires, the employing office shall make the withholding for the period of suspension or waiver during which enrollment was continued. If the waiver or suspension continues beyond the period during which enrollment is continued by this section, the annuitant's enrollment is [suspended] terminated, subject to the temporary extension of coverage for conversion, effective at the end of the period of continuation of enrollment provided by this section. If suspension of annuity or compensation is because of employment, the employing office shall make the withholding currently and enrollment continues during employment. [A suspended] An enrollment terminated under this section is reinstated automatically when payment of annuity or compensation is resumed.

SUBPART D--TEMPORARY EXTENSION OF COVERAGE AND CONVERSION

Sec. 890.401 Temporary extension of coverage and conversion.

(a) Thirty-one day extension and conversion. An employee or annuitant whose enrollment is terminated other than by cancellation of the enrollment or discontinuance of his plan, in whole or part, and a member of the family whose coverage is terminated other than by cancellation of the enrollment or discontinuance of the plan under which he is covered, in whole or part, is entitled to a 31-day extension of coverage for self alone or self and family, as the case may be, without contributions by the enrolled person or the Government, during which he is entitled to exercise the right of conversion provided for by this part. A change from self and family to self alone operates as a cancellation as to the members of the family. The 31-day extension of coverage and the right of conversion for any person ends on the effective date of a new enrollment under this part which covers the person.

(b) Continuation of benefits. (1) Any person who has been granted a 31-day extension of coverage in accordance with paragraph (a) of this section and who is confined in a hospital or other institution for care or treatment on the 31st day of the temporary extension is entitled to continuation of the benefits of the plan during the continuance of the confinement but not beyond the 60th day after the end of the temporary extension.

(2) Any person whose enrollment has been changed from one plan to another, or from one option of a plan to the other option of that plan, unless because of the discontinuance of the plan, in whole or part, and who is confined in a hospital or other institution for care or treatment on the last day of enrollment under the prior plan or option, is entitled to a continuation of the benefits of the prior plan or option during the continuance of the

confinement, but not beyond the 91st day after the last day of enrollment in the prior plan or option. The plan or option to which enrollment has been changed shall not pay benefits with respect to that person while that person is entitled to continuance of benefits under the prior plan or option.

Sec. 890.501 Government contributions. (a) The Government contribution for all plans, except those for which another contribution is set by paragraph (b) of this section for each enrolled employee who is paid biweekly is as follows:

For an employee enrolled for self alone	$1.30
For an employee enrolled for self and family	3.12

(b) The biweekly Government contribution for each employee or annuitant enrolled in a plan whose total enrollment charge is less than twice the appropriate contribution listed in paragraph (a) of this section is 50 percent of the enrollment charge.

(c) The Government contribution for annuitants and for employees who are not paid biweekly is a percentage of that fixed by paragraphs (a) and (b) of this section proportionate to the length of the pay period, rounding fractions of a cent to the nearest cent.

(d) The Government contribution for employees whose annual salary is paid during a period shorter than 52 workweeks is determined on an annual basis and prorated over the number of installments of pay regularly paid during the year.

(e) The employing office shall not make a contribution for an employee or annuitant for periods for which withholding is not made.

Sec. 890.502 Employee withholdings. (a) The employing office shall make the withholding required from enrolled survivor annuitants from the annuity of any surviving spouse. If that annuity is less than the withholding required, the employing office shall make the withholding to the extent necessary from the annuity of the youngest child, and, if necessary, from the annuity of the next older child, in succession, until the withholding is satisfied.

(b) The employing office shall not withhold from an employee who is in nonpay status, or from an annuitant for periods for which he does not receive annuity.

(c) Withholding for employees whose annual salary is paid during a period shorter than 52 workweeks is determined on an annual basis and prorated over the number of installments of pay regularly paid during the year.

Sec. 890.503 Reserves. (a) The enrollment charge consists of the rate approved by the Commission for payment to the plan for each employee or annuitant enrolled, plus 4 percent, of which one part is for an administrative reserve and three parts are for a contingency reserve for the plan.

(b) The administrative reserve is credited with the one one-hundred-and-fourth of the enrollment charge set aside for the administrative reserve. The administrative reserve is available for payment of administrative expenses of the Commission incurred under this part, and for such other purposes as may be authorized by law.

(c)(1) (Reserved) (A proposal for this subparagraph was issued as proposed rule-making on June 5, 1964, and is presently under consideration by the Commission.)

(2) When, as of the end of a contract period, the total of all the reserves held by a carrier (other than a group-practice carrier) for the plan amounts to less than the total of the last 5 months' subscription charges paid from the fund to the carrier for the plan, the carrier is entitled to payment from the contingency reserve of the lesser of: An amount equal to the difference between the total of the last 5 months' subscription charges paid from the fund to the carrier for the plan and the total of the reserves held by the carrier for the plan, or an amount equal to the excess, if any, of the contingency reserve over the preferred minimum balance. The Commission shall authorize this payment after receipt of the accounting report for the contract period. The carrier shall credit the amount so paid to the special reserve for the plan.

(3) If a group-practice carrier's contingency reserve exceeds the preferred minimum balance, the carrier may request the Commission to pay a portion of the reserve not greater than the excess of the contingency reserve over the preferred minimum balance. The carrier shall state the reason for the request. The Commission will decide whether to allow the request in whole or in part and will advise the plan of its decision.